

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF PENNYRILE RURAL ELECTRIC)
COOPERATIVE CORPORATION TO AMEND ITS CERTI-)
FICATE OF PUBLIC CONVENIENCE AND NECESSITY)
AND FOR AN ORDER AUTHORIZING THE CORPORATION) CASE NO. 8195
TO BORROW \$3,835,000 FROM THE UNITED STATES)
OF AMERICA (REA) AND \$1,643,000 FROM THE)
LOUISVILLE BANK FOR COOPERATIVES FOR THE PUR-)
POSE OF FINANCING IMPROVEMENTS AND CONSTRUC-)
TION OF ADDITIONAL FACILITIES)

O R D E R

Pennyrile Rural Electric Cooperative Corporation ("Pennyrile") filed its application on March 25, 1981, for a certificate of convenience and necessity and for authorization to borrow the sum of \$3,835,000 from the United States of America Rural Electrification Administration ("REA"), and the sum of \$1,643,000 from the Louisville Bank for Cooperatives ("LBC"), and to execute its notes as security therefor. The funds acquired by these borrowings are to be used to make system improvements and to extend service to new customers. These improvements and additions, which were estimated to cost \$5,478,000 are more specifically described in the application and record.

The matter was set for hearing on April 15, 1981, at 1:00 p.m., Eastern Standard Time, in the offices of the Public Service Commission at Frankfort, Kentucky. The hearing was held as scheduled and all parties of interest were allowed to be heard. There were no intervenors, and no protests were entered.

Pennyrile filed an amended application on April 23, 1981, to omit construction of the Cadiz Substation and reduce the amount of loans requested by \$1,425,000. This reduced the sum to be borrowed from REA to \$2,837,100 and the sum to be borrowed from LBC to \$1,215,900. Pennyrile filed an additional amendment by letter on May 28, 1981, in which the sums to be borrowed were changed to \$2,837,000 from REA and \$1,216,000 from LBC.

The Public Service Commission, after consideration of the application and all evidence of record, and being advised, is of the opinion and finds that:

1. The public convenience and necessity require that such construction as is proposed in the application and record be performed and that a certificate of convenience and necessity should be granted.

2. The proposed borrowings are for a lawful object within the corporate purposes of the utility, are necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that Pennyrile be and it is hereby granted a certificate of public convenience and necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Pennyrile be and hereby is authorized to borrow a sum in the principal amount of \$2,837,000 from REA at the rate of five percent per annum over a 35 year period with payment of principal deferred for three years.

IT IS FURTHER ORDERED that Pennyrile be and it is hereby authorized to borrow a sum in the principal amount of \$1,216,000 from LBC at a variable interest rate adjusted monthly, that interest being based on the cost of funds to LBC over a period of 20 years.

IT IS FURTHER ORDERED that Pennyrile be and it is hereby authorized to execute its notes as security for the loans authorized herein.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowings shall be used only for the lawful objects as set out in the application and record.

Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 28th day of May, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Webb
Chairman

Lathene Sandall
Vice Chairman

Al Hargrett
Commissioner

ATTEST:

Secretary